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VIA ELECTRONIC MAIL

Mr. Steven Way
On-Scene Coordinator
Emergency Response Program (8EPR-SA)
US EPA Region 8
1595 Wynkoop Street
Denver, CO 80202-1129

Re: St. Louis Tunnel and Ponds, Rico, Colorado

Dear Steve:

Atlantic Richfield has reviewed EPA's October 5, 2010 letter, draft Administrative Order on Consent, and draft Statement of Work. We continue to believe the best approach for addressing water quality conditions at the St. Louis Tunnel is to work through the Colorado Water Quality Control Division's discharge permitting program. That being said, Atlantic Richfield recognizes that EPA wants to see a more formal administrative process implemented in the near term. Atlantic Richfield is willing to continue discussions with EPA about how such a process would be structured.

Atlantic Richfield is not opposed to entering into an Administrative Order on Consent with EPA, as long as the work required under the Order is appropriately focused on specific tasks necessary for the water treatment system envisioned in the permit application package submitted to the Water Quality Control Division in August 2010. Atlantic Richfield has invested substantial time and resources in assessing appropriate treatment technologies and performing the pre-design analyses that would support a Colorado discharge permit, and we feel strongly that the proposed Order should account for the work already completed. Assuming the proposed Order will support timely site assessment of the St. Louis Tunnel adit opening, assist in the design and construction of an on-site repository for treatment solids, and facilitate initial design of a water treatment system ultimately completed to meet the Division's discharge permit requirements, we're confident a reasonable compromise can be worked out.

Atlantic Richfield proposes the following steps for moving forward. We would like to schedule a meeting with EPA before the end of October to try to reach consensus on a scope of work for activities to be performed under the Order during the next approximately two years. We believe the scope should include some but not all of the tasks described in EPA's draft Statement of Work. After the meeting, Atlantic Richfield would develop a Work Plan within 75 days that outlines the specific activities to be performed under the Order. We propose completing the

Work Plan in conjunction with negotiation of the Order, so the Work Plan can be attached as an appendix to the executed Order in lieu of a more general Statement of Work.

Atlantic Richfield and EPA would negotiate the terms of the Order and Work Plan, with the goal of finalizing them before or soon after the end of the year. On a parallel track, Atlantic Richfield will proceed with its planned field activities this fall (as outlined in our September 3, 2010 letter), including dewatering Pond 18, re-constructing the pond's outlet structures to lower the base pond water level, and continuing to perform pond inspections and maintenance as needed. We also plan to perform surface water quality monitoring in the area of the ponds this fall. Finally, we recommend having a joint meeting with Atlantic Richfield, EPA, and the appropriate Division representatives to discuss coordination on the path forward. You will note that I have copied the Division on this letter.

We believe the approach proposed here satisfies EPA's desire to oversee pre-construction data collection and analysis in the near term and will support issuance of a discharge permit by the Colorado Water Quality Control Division within a reasonable time frame. Assuming EPA agrees with this approach, please contact me at your earliest convenience to schedule the proposed meeting.

Respectfully,

/s/ Chuck Stilwell

Chuck Stilwell, P.E.

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